LEVERAGING WHAT YOU KNOW

Knowledge Management Strategies for Funders

A report on the state of knowledge management in philanthropy informed by the proceedings of the 2004 Knowledge Management Conference

GEO
GRANTMAKERS *for* EFFECTIVE ORGANIZATIONS

In partnership with The Communications Network, the Consortium of Foundation Libraries and Technology Affinity Group

with support from the Charles and Helen Schwab Foundation

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Knowledge Management Strategies for Funders

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Sponsored by
Grantmakers for Effective Organizations
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The Communciations Network, the Consortium of Foundation Libraries and Technology Affinity Group

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Contents

Introduction

Knowledge management continues to play an evolving role in the organizational effectiveness movement. Knowledge management strategies empower grantmakers to amass both the financial and nonfinancial assets necessary to better inform and align their work. The increasing relevance of knowledge management and the contributions of knowledge management professionals in the field of philanthropy present innovative, groundbreaking opportunities for grantmakers. In these pages, we explore the state of the field in an attempt to contribute to a broader dialogue about how grantmakers can effectively use knowledge management to increase the impact of their work.

In March 2004, more than 100 grantmakers gathered in Seattle, Washington, for a candid dialogue and learning event around an increasingly important issue for the philanthropic sector: how to do a better job of capturing and sharing knowledge and information to improve performance.

The two-day conference, Leveraging What You Know: Knowledge Management Strategies for Funders, was convened by Grantmakers for Effective Organizations, in partnership with The Communications Network, the Consortium of Foundation Libraries and Technology Affinity Group.

In addition to offering an overview of the topic and reporting on key issues such as technology-supported taxonomies, organizational culture assessment and effective communication, this report presents short case studies and lessons learned from the diverse group of grantmakers who are putting knowledge management strategies to work in their own organizations.

We appreciate your interest in this topic, and we look forward to sharing more information about knowledge management in the months and years ahead.

Kathleen P. Enright
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Not pictured:
Hinda Feige Greenberg, Consortium of Foundation Libraries and
The Robert Wood Johnson Foundation

In the Know: Knowledge Management Comes to Grantmaking

In 2003, the board and staff of The Columbus Foundation in Ohio realized they could not deliver on their mission by providing grants alone. They also had to do a better job providing something else, something that could prove enormously helpful as the organization and its partners set out to address the problems facing the city of Columbus.

That something is knowledge.

"We wanted to find out what would help us bring added value to our constituents and our community," said Sidney R. Hargro, the foundation's community research and grants management officer. "We felt we had a vast amount of knowledge of the nonprofit landscape and local and regional issues that we could share with the community in more effective ways."

The Columbus Foundation is not alone in viewing knowledge as a lever for improving philanthropic effectiveness (for more on The Columbus Foundation, see page 11). Increasing numbers of grantmakers are developing a newfound appreciation of the value of the data, information and "lessons learned" they generate on a day-to-day basis. They are developing new ways to capture and communicate their knowledge, both inside their organizations and with others. "Everyone is looking for ways to make philanthropy more effective, and knowledge plays a critical part in that," said Lucy Bernholz, founder and president of Blueprint Research & Design Inc. "It is hard in this day and age to pool money if you are not also making a concerted effort to pool ideas."

Defining Knowledge Management

Bernholz defined knowledge management as "organizing information to improve work to achieve goals." Others have defined it in different ways. Viewing it from a business perspective, an article in *CIO*, a magazine for information professionals, defined knowledge management as "the process through which organizations generate value from their intellectual and knowledge-based assets."

However you define it, knowledge management starts with developing a better understanding of an organization's store of knowledge and information. For a grantmaker, this can include community data on critical issues, an understanding of key players in a given field, staff knowledge of effective grantmaking and problem-solving strategies, and more.

Grantmakers have long understood the role of knowledge and information in achieving philanthropic goals. Bernholz cited the mission of the Carnegie Corporation of New York, the foundation established by Andrew Carnegie in 1911 to promote "the advancement and diffusion of knowledge and understanding."

What is new and different about the philanthropic sector's current interest in leveraging the power of knowledge is the idea that doing so can be a pathway to improved effectiveness, new accountability, enhanced credibility and leverage in addressing critical issues facing communities and the world today.

"Foundations continue to struggle to show the effect of their work, the impact of their investments and the justification for their tax-exempt status," Bernholz said. Knowledge management, she added, provides a way to demonstrate the value of grantmakers' work while ensuring that future grants are based on a sophisticated understanding of the successes and failures of the past.

A Knowledge Foundation Defined

"A knowledge foundation is a philanthropic institution that views knowledge as a distinct asset and strategically develops, captures, uses and shares knowledge to achieve its mission. The foundation recognizes that it relies on both external and internal knowledge, and develops strategies that are appropriate to both sources."

From "Spending Smarter: Knowledge as a Philanthropic Resource," Project on Foundations in the Knowledge Economy, by Lucy Bernholz, Ph.D. See www.geofunders.org for the full paper.

Barriers to Knowledge Management

- **Putting Technology First** – One of the great failures of knowledge management has been the mistaken belief that it starts with technology. Planning for novel approaches to capture and share knowledge must start with the people involved.

- **Staying in Silos** – Knowledge can get trapped inside the silos that separate different grantmaker programs and functions. Sharing knowledge can provide a means for breaking down silos and building connections and accountability across programs.

- **Adding Without Subtracting** – If knowledge management is merely added to foundation job descriptions without meaningful restructuring of those jobs, it will fail.

- **Embracing Knowledge for Knowledge's Sake** – Knowledge management is about more than reorganizing internal processes and procedures. It must be viewed as a way to interact more effectively with partners and to deliver on the grantmaker's mission.

Adapted from "Spending Smarter: Knowledge as a Philanthropic Resource," Project on Foundations in the Knowledge Economy. See www.geofunders.org for the full paper.

Another factor behind the growing interest in knowledge management among grantmakers is the realization that they cannot solve today's problems on their own. Rather, they need to attract additional resources and attention to the issues they are working on. That means sharing knowledge about what works — and what does not.

"Grantmakers are moving from seeing knowledge as proprietary and closely held to an understanding that sharing knowledge improves our ability to accomplish our missions," said GEO Executive Director Kathleen P. Enright.

Knowledge Management in Action

The following pages present the stories of how a diverse group of both small and large grantmakers are putting knowledge management to work in their day-to-day operations. To facilitate the modeling of a knowledge management approach, lessons learned from each of the grantmakers' experiences with culture change, strategic communications and technology-supported taxonomies serve to highlight the key insights applicable across the field of philanthropy.

Lucy Bernholz, Blueprint Research & Design Inc.

Three Levels of Knowledge Management

Lucy Bernholz of Blueprint Research & Design Inc. identified three levels of knowledge management:

1. **Internal** — the processes and procedures that an organization uses to capture knowledge and promote learning among its staff.
2. **External** — the ways in which the grantmaker uses knowledge to attract additional resources, partners and public attention to its priorities.
3. **Contextual** — the means by which grantmakers capture and communicate knowledge to show the results of their work.

Reaching Out – Communicating to the Field

On the Web site of the Charles and Helen Schwab Foundation, you'll see a drop-down menu at the top called "knowledge sharing," with links to an array of information and problem-solving resources on issues ranging from homelessness to learning disabilities. These resources are just one aspect of the Schwab Foundation's wide-ranging commitment to capturing and communicating knowledge and information about what works to achieve the organization's mission of "building partnerships to improve lives" (for more on the Schwab Foundation, see page 6).

Established in 2001 as a result of the merger of the Schwab Family Foundation and the Schwab Foundation for Learning, the Charles and Helen Schwab Foundation has adopted knowledge sharing — along with capacity building, collaboration and impact — as one of four "essential values" that are threaded into the fabric of the foundation's work. According to Director of Evaluation and Organizational Learning Gale Berkowitz, the Schwab Foundation's emphasis on knowledge sharing — i.e., making what the foundation has learned available to a broad audience as a contribution to the field — has made knowledge management a day-to-day priority.

"We have embraced knowledge sharing because we believe and eventually hope to demonstrate that it accelerates impact on the issues we care about," Berkowitz said.

Other grantmakers have reached the same conclusion. Lucy Bernholz cited a number of examples of how philanthropic organizations are working to share knowledge with others:

- Socialedge.org is a program of the Skoll Foundation to create an online community for the social sector to share information and ideas.
- Venture Philanthropy Partners and McKinsey & Company have produced a self-assessment tool for nonprofits that is available and adaptable for anyone to use.
- KnowledgePlex (www.knowledgeplex.org) — a partnership of housing and development organizations implemented by the Fannie Mae Foundation — offers best practices, discussions and research for professionals working on affordable housing and community development.

Grantmakers such as these are embracing knowledge sharing as a fundamental component of their missions, according to Amber Khan, executive director of The Communications Network.

"Knowledge sharing comes from having rote clarity about your objectives," Khan said. "It is based on a realization that knowledge is power, and that change comes from giving people the information they need to work together to solve social problems."

The Charles and Helen Schwab, Charles Stewart Mott and Nokomis Foundations are examined more closely in the following pages, which outline the different experiences each grantmaker has shared in pursuit of effective knowledge-sharing practices. The examples range from informal staff activities at larger foundations, to broad symposiums hosted by smaller community foundations.

"Grantmakers are moving from seeing knowledge as proprietary and closely held to an understanding that sharing knowledge improves our ability to accomplish our missions."
– GEO Executive Director Kathleen P. Enright

Charles and Helen Schwab Foundation:
A Knowledge-Sharing Model

The Charles and Helen Schwab Foundation defines knowledge management as "a set of intentional activities and disciplines that helps us consciously keep track of the information and expertise we have developed through various initiatives."

Gale Berkowitz, the Schwab Foundation's director of evaluation and organizational learning, described several examples of knowledge management tools and practices in use at the foundation, including:

> "Through this approach, we share our projects, results and findings with partners, policy makers, researchers and providers of services to ensure that the lessons we learn will ripple through a nationwide network and achieve a 'multiplier effect' for our work."
> – Alexa Cortes Culwell, CEO, Charles and Helen Schwab Foundation

- **News and Research Updates.** The Schwab Foundation recently decided to "go public" with issue-specific e-mail updates that previously were distributed only to the organization's staff. The e-mails — compiled by Derek Monypeny, the foundation's research librarian — provide news, information and perspective on key program areas and are now distributed at minimal added cost to more than 1,000 subscribers. According to a survey by the foundation, nearly 75 percent of subscribers had forwarded the updates to colleagues.
- **The Foundation Intranet.** Described by Berkowitz as "our most important and robust knowledge-sharing tool," the intranet includes content contributed by members of every program area and work team within the foundation. The intranet is designed as an open-source platform for staff to share news and engage in open discussions of key topics affecting the grantmaker's work.
- **Lunch 'n Learn Sessions.** In a reminder that knowledge management is not just about technology, foundation staff regularly organize brown-bag sessions focusing on specific projects or issues.
- **Team Reflections.** Following major milestones such as the completion of a deliverable, foundation staff gather for reflective discussions of what went right, what did not and what they would or would not have done differently. Notes from these team reflection meetings are captured and saved on the foundation intranet so they can be referenced down the line.

Gale Berkowitz, Charles and Helen Schwab Foundation

In a message on the foundation's Web site, CEO Alexa Cortes Culwell writes that these and other activities have moved the foundation "far beyond the traditional model of philanthropy in which grantmakers were primarily, even exclusively, conduits of money."

She continues: "Through this approach, we share our projects, results and findings with partners, policy makers, researchers and providers of services to ensure that the lessons we learn will ripple through a nationwide network and achieve a 'multiplier effect' for our work."

Lessons Learned

- Knowledge management relies on social networks as much as information technology to be effective.
- Knowledge sharing must be integrated into a grantmaker's strategy and owned and supported at the board and executive levels.
- The foundation must continually validate and make explicit the value and benefits of engaging in knowledge management activities.
- Knowledge management and evaluation activities should be integrated to heighten the overall learning and effectiveness of the grantmaker.

Charles Stewart Mott Foundation:
Web Site Redesign Enlists Broad Staff Support

The Charles Stewart Mott Foundation published its first annual report in 1970. In 1979, the foundation began publishing a book with detailed descriptions of every grant the foundation had made in the previous year. According to Mitch Hurst, the foundation's communications officer for new media, Mott has "a strong tradition of openness and a longtime understanding of the importance of strategic communications."

Seeking to ramp up its communications even more, the foundation hired Hurst in 2001 to design and launch a new and improved Web site. From the start, Hurst was encouraged by the foundation's leaders to encourage staff involvement and buy-in for the effort. "There was a real interest on the part of the foundation to generate a lot of internal excitement about what we were doing," Hurst said.

Hurst began his work by pulling together a task force representing a diverse group of staff to provide advice and guidance on issues ranging from the design and content of the site to internal and external marketing.

"I was skeptical at first about this all-inclusive process, but everyone got excited and enthusiastic about it," Hurst said. "Although it was a sometimes grueling process, the result is that we created a group of staff ambassadors who helped with the internal marketing of the new site."

Another strategy Hurst used to get the staff invested in the Web site was to include a feature, "Today's Grant," which relies on program officers to help choose individual grants to spotlight on the home page every day. Visitors to the Web site can also access a searchable database of all foundation grants — the same database that the foundation used to publish in book form.

Program officers also participate in Q&A sessions with the foundation's communications staff that are posted on the Web. "We see this as an opportunity for staff to talk about their issues in an informal and accessible way, and it allows us to go back and see what the staff was thinking about at a given point in time," Hurst said.

> "I was skeptical at first about this all-inclusive process, but everyone got excited and enthusiastic about it."
> – Mitch Hurst, Charles Stewart Mott Foundation communications officer

Beyond the program officers, the Web site redesign required strong support and buy-in from the information technology staff as well. "The IT staff has had a big influence over the past two years on how we think about presenting data in an online environment," Hurst said. "They've helped us understand that this is less about publishing nice stories and pretty pictures and more about getting data into the hands of our customers as quickly and as efficiently as possible."

The Web site, which logs between 30,000 and 35,000 unique visitors per month, is scheduled for another redesign in 2005. However, since joining the foundation in 2001, Hurst has never forgotten that the Web site is not the only way to achieve the foundation's knowledge management and communications goals.

"The Web site is one tool we have at our disposal to communicate with public audiences," he said, suggesting that grantmakers should avoid the tendency to always try to "feed the beast" (i.e., the Web site) with new content. "As with anything else, you need to be strategic about how and when to use the Web site versus other communications tools."

Paraphrasing a quote from Edward R. Murrow, Hurst said, "In the end, the communicator will be confronted with the old problem of what to say and how to say it."

Lessons Learned

- Knowledge management requires strong support, buy-in and involvement on the part of all foundation staff.
- Knowledge management requires a solid working relationship between information technology and communications staff — and others, as appropriate.
- It is not all about the Web — grantmakers need to think strategically about the full assortment of vehicles at their disposal for communicating knowledge and information.

Nokomis Foundation:

"Community-Learning Venture" Facilitates Information Sharing to Fight Prostitution

The Nokomis Foundation in Grand Rapids, Mich., recently used a knowledge strategy to gain a better understanding of the problem of prostitution in the community. Billed as a "community-learning venture," the Prostitution Round Table brought individuals and organizations together to share information and expertise about the problem and its solutions.

"This was about learning together as a community," said the foundation's president and CEO, Kym Mulhern.

The Prostitution Round Table involved more than 35 community organizations in monthly meetings and a variety of information-sharing activities.

"We pulled together anyone with any interest in issues of prostitution — from churches and educational facilities to health organizations — and wanted to find out what programming was out there, where the gaps were and what could be done to strengthen what we are doing," Mulhern said.

In 2002, the Prostitution Round Table issued a report, "We Can Do Better: Helping Prostituted Women and Girls in Grand Rapids Make Healthy Choices," that documented the group's learning over the previous two years. The report presented a case for reframing prostitution as a human rights issue, examined the scope of the problem in Grand Rapids and offered ideas about solutions and future directions.

In conjunction with the release of the report, the Prostitution Round Table organized a conference, "Prostitution: Reframing Issues, Making Connections." Open to the entire community, the conference included presentations by survivors of prostitution and pioneers in helping prostituted women and girls make healthy choices.

An important outcome of the work of the Prostitution Round Table, according to Mulhern, was the realization that Grand Rapids did not need a new, overarching program to address the problem of prostitution.

"What we found is that we needed to be smarter and more unified in how we addressed the problem," Mulhern said. She added that the Round Table created important and lasting connections among people and organizations working on a range of issues linked to prostitution, from substance abuse to housing.

As an example of how the Round Table's learning has contributed to change on the ground, Mulhern said that local organizations no longer directly ask runaway teens if they are involved in prostitution; 98 percent of those who were asked this question in the past said "no." Rather, today the question is framed in terms of whether or not the individual has ever traded sex for food or shelter. The result: 75 percent of runaways say "yes."

"We have learned a lot as a community about what prostitution is, how prevalent it is and what we can do about it," Mulhern said.

"What we found is that we needed to be smarter and more unified in how we addressed the problem."
– Kym Mulhern, Nokomis Foundation president and CEO

Chris Tebben, Grantmakers for Education

Lessons Learned

- Information sharing can be a catalyst for changes in community perceptions.
- Creating opportunities for collaborative learning among critical players in a system invests participants in the problem as well as in the solutions.
- Broad involvement is essential for community learning.
- How questions are framed can determine the quality of the received answers.

Laying the Foundation: Fostering a "Learning Culture"

Before knowledge can be shared with others, it has to be captured and documented in useful ways. The challenge for grantmakers is to build a "learning culture" within their organizations, according to Leigh Weiss, a practice specialist in McKinsey & Company's Knowledge Strategy and Operations division.

"A learning culture is the platform for knowledge management," Weiss said. "It gets to the very norms and values that guide the work of the foundation, and how you infuse an understanding of why it is important to participate in knowledge sharing and why knowledge matters."

"The culture of the organization is essential," agreed Ash McNeely, vice president of philanthropic services at the Peninsula Community Foundation, based in California.

Ash McNeely, Peninsula Community Foundation, and Mitch Hurst, Charles Stewart Mott Foundation

Over the past five years, the Peninsula Community Foundation has grown from $250 million to more than $500 million in assets, and the staff has nearly doubled in size as well. As a result, McNeely said, the foundation saw a need "to move from an informal approach and hallway conversations to a more formal knowledge management process that would enable us to capture content and communicate more clearly."

The foundation took a hard look at its management of organizational knowledge through an operational audit and a "cultural competency survey" that assessed the grantmaker's communications efforts. Now, as a result of these assessments, the foundation is working to create a shared understanding among the staff of the value and importance of knowledge and knowledge sharing.

"Every program officer we hire has to embrace the fact that they are not just talking to grantees," she said. "The program officers we hire also need to talk to and share knowledge with donors and other staff."

Weiss agreed that employee orientations provide an excellent opportunity to build staff buy-in. She also encouraged grantmakers to incorporate knowledge sharing into staff performance reviews. Most important, however, Weiss said grantmakers need to make it easier for staff to share and codify what they know — for example, by developing templates for documenting important knowledge and information and by creating opportunities for knowledge exchange.

Integrating knowledge management into the day-to-day work of employees is especially important for smaller grantmakers with limited staff, according to Delia Reid of Grantmakers in Health. "It takes time to do this work, so it needs to become an important part of the processes and procedures of the organization," she said.

Added Chris Tebben of Grantmakers for Education: "Knowledge management can't be perceived as an add-on. It has to become a part of the organization's culture. The leadership has to model the notion that learning and information sharing are essential to the organization's success."

Capturing Tacit Knowledge

Tom Kern, senior associate for knowledge management at The Annie E. Casey Foundation, defines tacit knowledge as "the stuff that isn't written down." It is knowledge that resides in people's heads and that defies easy categorization. And, it is knowledge that can play an essential role in grantmaker effectiveness.

But how can grantmakers capture and leverage tacit knowledge? A first step — and perhaps the easiest — is to do a better job documenting the experience and skills of the foundation's staff and board.

"I may be the knowledge management person, but I also have other experiences that could prove helpful to colleagues," Kern said. He added that The Annie E. Casey Foundation, as part of a multilevel "intellectual mapping" strategy, is working to "do a better job identifying who we all are."

The foundation is also making an effort to create opportunities for staff to exchange their tacit knowledge — for example, by scheduling one "no travel" week each month when staff are expected to be in the office and to engage with colleagues.

"Capturing tacit knowledge isn't necessarily about writing everything down and trying to codify it," Kern said. "Rather, you need to create an organizational culture that encourages people to share their experiences and what they know."

Other grantmakers are pursuing other strategies to encourage the capture and sharing of tacit knowledge:

- At the McKnight Foundation, staff participate in "Sharpening Our Tools" sessions every two months to discuss best practices in cross-functional areas ranging from convening and issue framing to systems thinking. Among the results, according to Director of Organizational Development Kristin Batson, has been more sharing of knowledge among staff and more nuanced discussion of the foundation's work.
- GrantCraft is a project of the Ford Foundation to capture "practical wisdom" for grantmakers on the tools and techniques of effective grantmaking. "So far, we have interviewed 250 grantmakers to try and help them examine their experience and to work from the 'what they did' to the 'how' and 'why,'" explained project leader Jan Jaffe.

Kern said examples of these and other grantmakers show that capturing and leveraging tacit knowledge is about more than getting people to sit around and talk.

"All of us have any number of conversations in a given day or week about our work," he said. The key to deriving real learning from those conversations, he explained, is becoming more intentional about the knowledge they convey, as well as the ways in which that knowledge can be infused into the work of the foundation as a whole.

The following cases of The Columbus Foundation and the Girl's Best Friend Foundation explore the two organizations' experiences with establishing a learning culture. While The Columbus Foundation's experience provides a close look at how to begin the culture assessment process, the example of the Girl's Best Friend Foundation explores how to continually nurture a culture of learning alongside the day-to-day business of grantmaking.

"Knowledge management can't be perceived as an add-on. It has to become a part of the organization's culture."
– Chris Tebben, program director, Grantmakers for Education

"A learning culture is the platform for knowledge management. It gets to the very norms and values that guide the work of the foundation, and how you infuse an understanding of why it is important to participate in knowledge sharing and why knowledge matters."
– Leigh Weiss, McKinsey & Company Knowledge Strategy and Operations practice specialist

The Columbus Foundation:
The Knowledge Audit as a Starting Point

In 2003, the staff and board at The Columbus Foundation came to the realization that their management of the foundation's knowledge resources left something to be desired. As stated in a foundation planning document: "Our community and philanthropic knowledge is not currently collected, managed or shared in an optimum way that adds measurable value to our core practices."

Based on this realization, the foundation set out to improve its knowledge management. "We recognized that we have a lot of information and knowledge coming through the door of the foundation on a day-to-day basis, and we wanted to find out how to harness it in a way that would be helpful for our staff and the broader community," said Sidney R. Hargro, the foundation's community research and grants management officer.

As a first step, the foundation embarked on a knowledge audit designed to paint a clearer picture of the organization's knowledge resources and needs. Another goal of the audit was to map the current flow of knowledge, both within the organization and between the organization and its external audiences, and to identify bottlenecks where knowledge was not getting through.

The Columbus Foundation created two advisory teams to guide the audit. An internal team was composed of a cross section of foundation employees, while an external team included people from the community with an understanding of information management and technology issues. Among the members of the latter group: university faculty members and representatives of local corporations. This advisory team approach provided a relatively low-cost opportunity to gain the desired information. The costs to the foundation from the outset of the audit process did not extend much further than the staff time to execute the planning and logistics of the various convenings.

The first task assigned to the advisory teams was the design of a knowledge audit questionnaire that would be used as the basis for interviews with foundation staff. The initial idea was to conduct wide-ranging interviews with all staff about their individual knowledge assets and needs. After conducting several interviews, however, the foundation decided that the process was flawed. The interviews, as originally crafted, actually became a barrier to the success of the audit process.

"It was taking too much time, and we were getting the same information again and again," Hargro explained. He added that most of the information elicited during the interviews had little bearing on the foundation's broader business strategy.

After consulting with members of the external advisory team, the foundation crafted a new and simpler audit strategy relying on focus groups with staff members in key departments, as well as the senior management team. The original questionnaire was shortened and adapted for use in the focus groups, with all of the questions connecting

Kristin Lindsey, Intersector Consulting (formerly of the Donors Forum of Chicago)

The Columbus Foundation:
The Knowledge Audit as a Starting Point (Continued)

Leigh Weiss, McKinsey & Company Knowledge Strategy and Operations, and Sidney R. Hargro, The Columbus Foundation

"We recognized that we have a lot of information and knowledge coming through the door of the foundation on a day-to-day basis, and we wanted to find out how to harness it in a way that would be helpful for our staff and the broader community."
– Sidney R. Hargro, community research and grants management officer, The Columbus Foundation

As a first step, the foundation embarked on a knowledge audit designed to paint a clearer picture of the organization's knowledge resources and needs.

in some way to the mission of the foundation. The revised approach took into account the roles that language and thoughtful articulation play in making the assessment process more strategic and effective.

"We learned that you need to look at what business you are in and at what your information needs are based on that," Hargro said.

The foundation is still compiling the results of the knowledge audit, but Hargro said it would likely lead to important changes. Among the ideas: restructuring the grantmaking taxonomy used by the foundation; refining departmental goals and metrics; developing communities of learning around three core practices of the foundation (asset attraction, asset management and asset deployment); and developing an intranet/extranet for nonprofits, donors and the community.

Hargro noted that the goal of the foundation's new president and CEO, Doug Kridler, is to make it one of the top sources of community information for Columbus.

"By starting with an assessment of where we stand right now, we will have a clear idea of what it will take to achieve this goal," Hargro said.

Lessons Learned

- Knowledge management work must be supported, if not championed, by foundation leadership.
- Discussion of knowledge management must be aligned with business strategy from the start.
- The language of knowledge management can be a barrier to organizational buy-in and participation.
- Pursuing a knowledge management focus does not necessarily mean significant up-front costs.

Girl's Best Friend Foundation:
Responding to the Needs of the Field

The Girl's Best Friend Foundation is a Chicago grantmaker that works to "promote and protect the human rights of girls in Illinois." Since it was established as a family foundation in 1994, Girl's Best Friend has offered itself as a source of information and ideas — not just funding — for organizations and community activists working to empower young women and give them "a safe space to in which to grow."

"Our first priority is to get grants out the door," said Program Officer Robin Dixon. "But we also have a real interest in responding to the needs of the field."

The foundation's commitment to knowledge sharing, Dixon said, is evident in the fact that its staff of six is relatively large for a foundation that makes grants of $750,000 each year. "We put it in staff job descriptions that we have to be visible and accessible to colleagues, grantees and young women so we can be a resource for the community."

Dixon cited a number of examples of the foundation's knowledge management activities, such as:

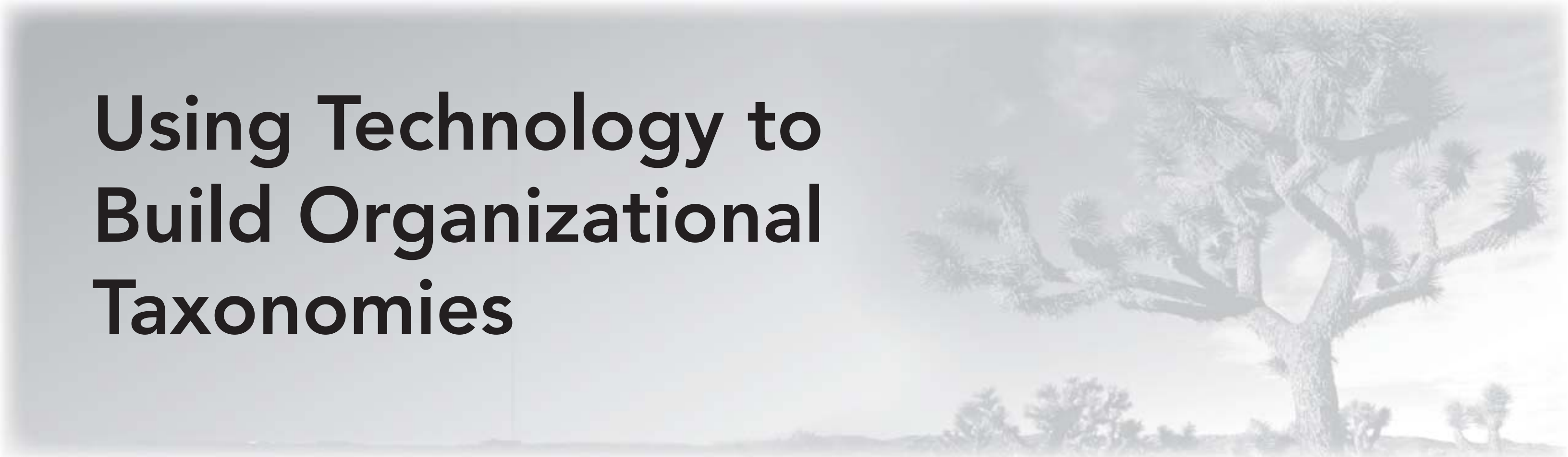
- **Leader Circles.** Three times a year, the foundation engages a consultant to facilitate a convening of nine or so grantee representatives to talk about issues and challenges they are facing in their work. Separate convenings are held with executive directors and program directors, with the third focusing on specific issues confronting grantees and the community at large. To ensure a freewheeling exchange of ideas and perspectives, the foundation itself is not represented in the convenings. However, foundation staff receive a report from the consultant framing key issues and themes. The knowledge gleaned from these sessions is then used to shape the foundation's strategy, its grantmaking and its technical assistance and other services.
- **Visits With Grantees.** Instead of asking for mid-year written reports, foundation program officers visit with grantees to collect and share information. "This is an effort to put a face on things and to check in with grantees on how things are going," said Dixon. "It is also a chance to share information about what other grantees are working on or about trends we see in the field." Foundation staff then share the information gained during their grantee visits with colleagues and the board, as well as other grantees, as appropriate.
- **E-newsletter.** The Girl's Best Friend Foundation publishes a quarterly E-newsletter for grantees and others involved in youth development issues. With information on emerging topics and news about recent and upcoming reports and conferences, the e-newsletter provides an opportunity to relay the foundation's knowledge and perspectives to the field.

The Girl's Best Friend Foundation will close in 2008. With just a few years to go, the foundation's board and staff are devoting a great deal of thought and attention to the question of what the organization's enduring impact will be. They are working to make absolutely certain that the foundation's lessons and knowledge will have a life long after the last grant is made.

"There is a motivation here to front-load what we are doing and to get people talking so that our information is out there when we're gone," Dixon said.

Lessons Learned

- A pointed focus allows for deeper knowledge generation and learning and supports the shift from tacit to explicit knowledge.
- Formal collection of knowledge is best done with simple processes for creating, producing and using it.
- Grantmakers can create powerful learning opportunities by bringing together practitioners with overlapping but not identical knowledge, experience and questions.
- Program officers are most effective in broadening and conveying knowledge when they consistently spend time in the field talking with practitioners to ask questions, listen and share information.



Using Technology to Build Organizational Taxonomies

When the Barr Foundation in Boston, Mass., was looking for software to pilot its new knowledge management system, it turned to a relatively low-cost alternative, Microsoft Outlook.

According to Roberto Cremonini, the foundation's chief knowledge and learning officer, Outlook's easy maintenance and "culture fit" — staff already know and use it — made it a natural choice. With the Barr Information Network (BIN), staff now have access, through Outlook, to shared folders containing newspaper articles, reports, memos, white papers and staff presentations and notes on a wide range of subjects. The BIN organizes the information by source, type, goals, strategies, theories of change and entry date so it can easily be browsed, sorted and searched by keyword.

"This has allowed us to start building a repository of information that would otherwise remain the exclusive property of individual staff members," Cremonini said.

Using technology to build useful taxonomies is a critical element in creating an effective knowledge management system. "Taxonomies allow organizations to catalog knowledge resources so that staff can find resources consistently. They provide a common language across program areas so that everyone has a shared point of reference and a basis for communicating and working together," said Tom Kern, senior associate for knowledge management at The Annie E. Casey Foundation.

Grantmakers may pursue a vast array of knowledge management technologies and approaches to taxonomies, so choosing the best fit for a particular organization is imperative. The following cases provide useful examples on the methodologies used by the Barr Foundation and The Pew Charitable Trusts to navigate through the various knowledge management technologies and approaches available to discover the best fit for their particular organizations.

Content Management: Beyond the Hype

Type "content management solutions" into Google, and you'll find 126,000 results (at last count). For grantmakers seeking tools and advice as they strive to create and maintain a store of knowledge resources, the choices can be bewildering.

Kurt Voelker, managing director of technology services at Forum One Communications, suggests that grantmakers ignore the inevitable hype from software vendors and focus on what they truly need.

"It's important to remember that we aren't just talking about managing Web content," Voelker said, noting that content management tools also can be used for internal documents, photos, video footage and more.

To make sense of the choices, Voelker said grantmakers need to weigh "core considerations," including their budget and their goals in embracing content management. For example, is the grantmaker looking to streamline grants management? Improve communication with external audiences? Promote more collaboration among staff? Different goals will lead grantmakers to different content management tools.

Voelker said grantmakers should avoid "technology lust" and focus on tools that will work for them, based on their capacity to adopt and use technology. "People should worry less about the technology and more about finding vendors they can trust," he said.

In addition to an "irrational exuberance" about technology, Voelker said grantmakers face a number of other potential pitfalls in adopting content management solutions. Among the most prevalent: a lack of support from senior leadership and staff.

"Without question, content management is going to have an important effect on business procedures and how people work," he said. "You are going to have to build a business case for it based not just on the technology but on the potential benefits for the organization as a whole."

Taxonomies: Making Sense of What's Out There

The National Taxonomy of Exempt Entities is a classification system for nonprofit organizations based on their purpose, type or major function. In 1998, a group of experts developed a simplified version of the NTEE for the IRS. The resulting taxonomy is referred to as NTEE-CC (Core Codes) and includes approximately 400 categories, a third less than the original NTEE.

Yet another taxonomy for nonprofit organizations is the Nonprofit Program Classification system developed by the Urban Institute's National Center for Charitable Statistics. According to the center's Linda Lampkin, the NPC classifies the actual activities of each organization, as reported on IRS Form 990. It is a response, she said, to the fact that grantmakers, researchers and the public often need more specific information about what organizations do and whom they serve.

Lampkin encouraged grantmakers to cross-reference their internal taxonomies to the NTEE system, primarily because of the need for consistent tracking across organizations. However, she also noted the importance of classifying grantmaking activities according to strategies and beneficiaries — not just the type of organization.

"Foundations are going to have to develop a taxonomy that works for them," she said, stressing the importance of keeping the system simple and intuitive and involving end users in its design.

For more information, visit http://nccsdataweb.urban.org/FAQ/index.php?category=46

Tom Kern, The Annie E. Casey Foundation, and Linda Lampkin, the Urban Institute

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The Barr Foundation:
Using Familiar Technologies to Build Staff Buy-In and Support

Under Executive Director Marion Kane, the Barr Foundation is making knowledge management an organizational priority. The foundation's tag line, "Using knowledge, networks and funding to build a better Boston for all," is just one sign of its commitment. Another sign of commitment is the foundation's creation of the chief knowledge officer position, which Cremonini took over in 2003.

> "Often, the problem with knowledge management systems is a lack of alignment between the system and the organizational structure and culture."
> – Roberto Cremonini, Barr Foundation chief knowledge officer

In addition to creating the BIN, Cremonini has worked with the staff to develop a common taxonomy that allows the foundation to organize all its activities and learning around a set of three core strategies: providing quality education, making a more livable city and enhancing cultural vitality. The taxonomy — which builds on the widely used grants management software, GIFTS — also allows staff to classify grants according to goals, strategies and theories of change.

"Often, the problem with knowledge management systems is a lack of alignment between the system and the organizational structure and culture," said Cremonini. "What we've tried to do is develop a common language around these issues."

Roberto Cremonini, Barr Foundation

In other activities, Barr has created templates to allow staff to capture the foundation's knowledge in a coordinated and consistent way. For example, one template, created in Microsoft Word, guides staff through a seven-step process that asks a series of guiding questions designed to help the writer articulate a theory of change.

Citing the use of common software applications such as Word and Outlook, Cremonini called Barr's approach to knowledge management "low tech." Looking ahead, he would like to see the foundation create an intranet and other "more robust" technology tools, but his focus right now is on showing the staff the value of knowledge management in their day-to-day work.

"People are internalizing this," he said. "It is becoming an important part of how they work — so important that they don't even think about it as knowledge management any more."

Lessons Learned

- Technology solutions must be based on the existing culture and processes of the organization.
- People have to discover the value of knowledge management on their own; it has to become a part of their day-to-day work.
- Knowledge management starts with the internal processes and procedures that grantmakers use to elicit information and knowledge from staff.
- Knowledge management can provide tools and strategies for alignment around organizational strategies and goals.

The Pew Charitable Trusts:
Developing a Specialized Taxonomy

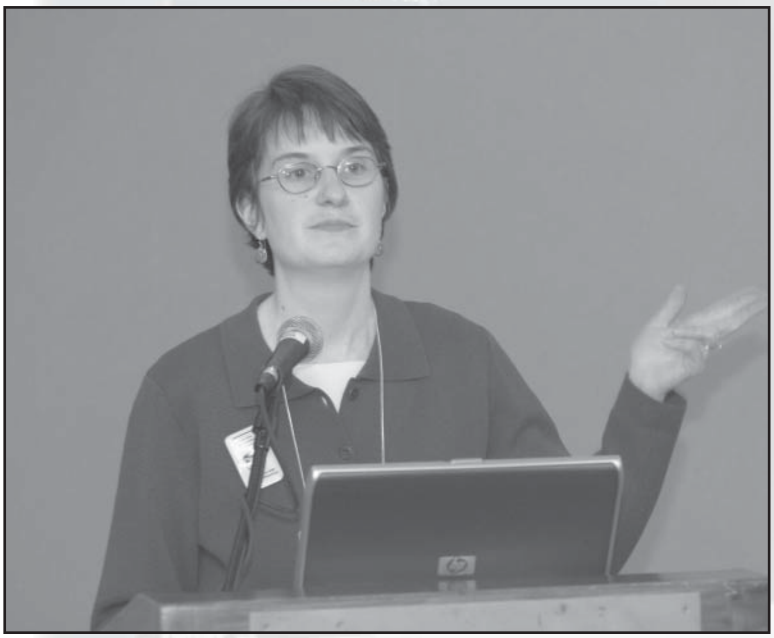
Since 1995, The Pew Charitable Trusts has coded all of its grants according to the National Taxonomy of Exempt Entities, a classification system that has become the standard in the nonprofit sector (for more on the system, see page 15). By classifying nonprofit organizations according to their purpose, type or major function, the NTEE has proved a boon in simplifying internal research, board reporting and other activities, according to Pew's former chief librarian, Suzanne Cole.

A couple of years ago, however, Pew came to realize that the NTEE had its limitations. The taxonomy's coding, for example, is done according to the topic of a grant — such as "cancer research" or "youth development." This is fine if someone is trying to determine what organizations or projects Pew funds in specific topic areas. But what if that same person wants to look across topic areas at the strategies or tactics organizations use to achieve their goals?

"We would get questions from staff about strategies — such as creating a national commission or developing a Web site — and we didn't have any way to find that information," Cole said.

In response, Pew began an internal process to develop a specialized taxonomy that sought to classify grantmaking initiatives according to two factors:

1. **Strategic purpose.** Cole called this "the why of the grantmaking initiative." Categories include informing critical audiences, reform, service delivery, special projects and historical interest.



Suzanne Cole, formerly of The Pew Charitable Trusts

2. **Design tactics.** This is the "what" and "how" of the initiative and covers activities including information creation and storage (research, polling, archiving), convening (advisory groups, conferences), standards (best practices, demonstration projects, report cards), coalition building and information dissemination (media campaigns, Web sites).

Pew began applying the new taxonomy in 2002. While it has been in use for only a short time, Cole said it is already having a positive effect.

"We are definitely able to answer more questions for staff about the full range of work done by Pew grantees and how that might apply to other projects," Cole said. She added that the new taxonomy has also provided the basis for staff training and discussions about specific grantmaking strategies.

Equally important, Cole said, the development of the new taxonomy forced Pew to take a hard look across its grantmaking and identify common strategies and themes. When Pew announced in early 2004 that it was reorganizing to become a public charity, the resulting restructuring mirrored the new taxonomy in many important ways.

"The process of spending time examining our grantmaking and categorizing our work into different buckets helped the organization think through what it wanted to be and what was our brand of work," Cole said.

While Pew sees several advantages to having its own taxonomy, one downside of a specialized system is that it inhibits the sharing of information across organizations. As a result, Pew continues to use the NTEE system, as well as other standardized taxonomies, to classify its grants.

Another downside is the simple fact that it takes substantial amounts of time to develop a custom system — in Pew's case, three years. Language, Cole said, was among

The Pew Charitable Trusts:
Developing a Specialized Taxonomy (Continued)

Grantmakers participate in a town hall meeting at the close of the conference

the greatest challenges facing the organization. An example: Cole and her colleagues struggled to come up with an acceptable heading for the category that wound up with the label "reform."

"We went back and forth among the staff about whether it was about 'reform' or 'policy' or 'government' or 'social change,'" Cole said.

She added: "You realize when you get into something like this that different people in the organization see and talk about things in different ways."

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– Suzanne Cole, former chief librarian, The Pew Charitable Trusts

Lessons Learned

- Grantmakers can benefit from adapting standardized taxonomies for their own uses and purposes.
- Knowledge management means more than categorizing information by program area — it is also about identifying the "why" and "how" of grantmaking.
- Specialized taxonomies aren't a replacement for standardized systems that allow grantmakers to share information with others in the field.
- Creating an internal taxonomy takes time — watch out for the politics of language.

Conclusion

Knowledge management is gaining favor as a new and important way for grantmakers to strengthen their effectiveness and their impact on the world. However, for the promise of knowledge management to become a reality in the philanthropic sector, grantmakers need to understand that the concept is about more than developing new and streamlined systems for capturing and communicating knowledge. Rather, it is about restructuring organizations so that knowledge can be better used to advance the grantmaker's mission.

> "It is vital that people at the highest levels of grantmaking organizations acknowledge the value of information sharing. If they don't openly support and nurture knowledge markets, then knowledge management initiatives are bound to fail."
> – Michele Butler, manager of reference services, David and Lucile Packard Foundation

"Making sure we don't lose the information we gain in the course of our day-to-day work is just the start of it," said Kym Mulhern, president and CEO of the Nokomis Foundation. "As foundations and as a sector, we need to figure out ways to leverage that knowledge so that we and others can do a better job."

The best way to leverage knowledge, according to Leigh Weiss of McKinsey & Company, is to create "knowledge markets" among foundation staff and other audiences that can use the organization's information and learnings to effect change.

"The real opportunity is not in managing knowledge but in creating knowledge markets," Weiss said, adding that grantmakers need to pay attention to issues of supply and demand.

"We do not want to capture and codify everything we know," she said. Rather, grantmakers need to work with their grantees and others to determine what information is most useful to those individuals and groups, both inside and outside the foundation, that can help it achieve its goals.

Michele Butler, manager of reference services at the David and Lucile Packard Foundation, added: "It is vital that people at the highest levels of grantmaking organizations acknowledge the value of information sharing. If they don't openly support and nurture knowledge markets, then knowledge management initiatives are bound to fail."

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